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OVERSEAS PRESENCE

Observations on a Rightsizing Framework

Statement of Jess T. Ford
Director, International Affairs and Trade



G A O

Accountability * Integrity * Reliability

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Abstract <p>I am pleased to be here today to discuss our ongoing work on rightsizing the U.S. overseas presence. For our purposes, we define rightsizing as aligning the number and location of staff assigned to U.S. embassies¹ with foreign policy priorities and security and other constraints. To follow up on our November 2001 report on the executive branches efforts in this area,² you asked us to determine what rightsizing actions may be feasible to reduce costs and security vulnerabilities while retaining effectiveness in meeting foreign policy objectives. We reviewed reports, including those of the Accountability Review Boards,³ the Overseas Presence Advisory Panel (OPAP),⁴ and a State Department-led interagency rightsizing committee,⁵ and we discussed overseas staffing issues with officials from the State Department, other U.S. agencies operating overseas, and the Office of Management and Budget (OMB), which is currently implementing the presidents management initiative to rightsize U.S. embassies. We also performed fieldwork at the U.S. Embassy in Paris. We selected this embassy as a case study because it is a large embassy that has been the subject of substantial rightsizing discussions, including recommendations by the former ambassador to France to reduce the number of staff in</p>		
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Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss our ongoing work on rightsizing the U.S. overseas presence. For our purposes, we define rightsizing as aligning the number and location of staff assigned to U.S. embassies¹ with foreign policy priorities and security and other constraints. To follow up on our November 2001 report on the executive branch's efforts in this area,² you asked us to determine what rightsizing actions may be feasible to reduce costs and security vulnerabilities while retaining effectiveness in meeting foreign policy objectives. We reviewed reports, including those of the Accountability Review Boards,³ the Overseas Presence Advisory Panel (OPAP),⁴ and a State Department-led interagency rightsizing committee,⁵ and we discussed overseas staffing issues with officials from the State Department, other U.S. agencies operating overseas, and the Office of Management and Budget (OMB), which is currently implementing the president's management initiative to rightsize U.S. embassies. We also performed fieldwork at the U.S. Embassy in Paris. We selected this embassy as a case study because it is a large embassy that has been the subject of substantial rightsizing discussions, including recommendations by the former ambassador to France to reduce the number of staff in

¹Throughout this statement we refer to rightsizing issues at embassies. However, the rightsizing process is also applicable to diplomatic offices that are located outside the capital cities.

²U.S. General Accounting Office, *Overseas Presence: More Work Needed on Embassy Rightsizing*, GAO-02-143 (Washington, D.C.: Nov. 27, 2001).

³Secretary of State Madeline K. Albright and CIA Director George Tenet appointed the Accountability Review Boards to investigate the facts and circumstances surrounding the 1998 embassy bombings in East Africa. Department of State, *Report of the Accountability Review Boards on the Embassy Bombings in Nairobi and Dar Es Salaam* (Washington, D.C.: Jan. 1999).

⁴Secretary of State Madeleine K. Albright established OPAP following the 1998 embassy bombings in Africa and in response to recommendations of the Accountability Review Boards to consider the organization of U.S. embassies and consulates. Department of State, *America's Overseas Presence in the 21st Century*, The Report of the Overseas Presence Advisory Panel (Washington, D.C.: Nov. 1999).

⁵The interagency committee comprised members from the State Department and other key agencies operating overseas, including the Departments of Agriculture, Commerce, Defense, Justice, and the Treasury. Pilot studies were conducted in 2000 at U.S. embassies in Amman, Jordan; Bangkok, Thailand; Mexico City, Mexico; New Delhi, India; Paris, France; and Tbilisi, Georgia, to assess staffing needs and to develop a methodology for assessing staffing at all embassies and consulates.

France by about one-half. We will report on this work in more detail later this year.

Today I will discuss our preliminary observations on a framework for assessing the feasibility of rightsizing the U.S. overseas presence. My testimony will also highlight staffing issues we identified at the U.S. Embassy in Paris. In addition, I will briefly discuss some of the steps needed to implement the framework and the importance of developing a mechanism to move the rightsizing process forward while ensuring greater transparency and accountability in overseas staffing decisions.

Summary

Drawing on our prior and ongoing work, we are developing a framework that we believe will provide a foundation for the executive branch to assess staffing at embassies and to determine the right number and mix of staff. Our framework is designed to link staffing levels to three critical elements of overseas operations: (1) physical security and real estate, (2) mission priorities and requirements, and (3) operational costs. The first element includes analyzing the security of embassy buildings, the use of existing secure space, and the vulnerabilities of staff to terrorist attack. The amount of secure office space may place constraints on the number of staff that should be assigned. The second element focuses on assessing priorities and workload requirements. The third element involves developing and consolidating cost information from all agencies at a particular embassy to permit cost-based decision-making. After analyzing the three elements, decision makers should then be in a position to determine whether rightsizing actions are needed either to add staff, reduce staff, or change the staff mix at an embassy. Options for reducing staff could include relocating functions to the United States or to regional centers and outsourcing functions. We and officials from State and OMB believe the basic framework we are developing can be applied worldwide. However, additional work is needed to refine the elements and to test the framework at embassies in various working environments.

Our work in Paris illustrates how the framework we are developing could affect embassy staffing. Approximately 700 employees from 11 agencies and their component offices are located in the Paris Embassy primary buildings (see app. II).⁶ In applying the framework to this embassy, we

⁶Approximately 190 additional employees are located outside of the embassy in Paris and throughout France.

found security, workload, and cost issues that need to be considered, including the following:

- Serious security concerns in at least one embassy building in Paris suggest the need to consider staff reductions unless building security can be improved. This building is located in the heart of a tourist district, on main streets with little or no protective buffer zone. Other embassy buildings are also vulnerable. Relocating staff could significantly lessen the number of people at risk.
- It is hard to say with any degree of certainty how many staff are needed in Paris. The embassy's goals and Washington's demands are not prioritized and each agency uses separate criteria for placing staff in Paris. State Department staff at the embassy reported that non-prioritized workload demands from Washington result in missed opportunities for addressing important policy issues. We believe that a disciplined and transparent process linking priorities and staffing, and a reduction in non-core tasks, could suggest opportunities to reduce staffing from the current level of 700.
- The lack of comprehensive cost data on all agencies' operations, which we estimate cost more than \$100 million annually in France, and the lack of an embassywide budget eliminate the possibility of cost-based decision-making on staffing. Development of these data would help determine the trade-offs associated with various alternative approaches to doing business. The U.S. ambassador to France acknowledged that lack of cost data was a serious problem.

Our work in Paris suggests that there are alternatives that could reduce the number of staff needed at the embassy, particularly for some of the support positions,⁷ which represent approximately one-third of the total number of personnel. Options include relocating functions to the United States or to regional centers and outsourcing commercial activities. These options may be applicable to as many as 210 positions in Paris. The work of about 120 staff could be relocated to the United States – State already plans to relocate the work of more than 100 of these. In addition, the work of about 40 other positions could be handled from other locations in

⁷For our purposes, we define support positions as those funded through the International Cooperative Administrative Support Services (ICASS) system, which funds common administrative support, such as travel, mail and messenger, printing, and telephone services. This does not include other functions at the Paris Embassy of a support nature funded through other accounts, such as most security and some information technology services.

Europe, while more than 50 other positions are commercial in nature and provide services that are available in the private sector. We believe these positions should be closely examined.

Mr. Chairman, development of a framework to assess embassy security, mission, and costs and to consider alternative ways of doing business is only the first step. Providing greater accountability, transparency, and consistency in agencies' overseas staffing decisions will require much greater discipline within the executive branch. We believe that for the president's management initiative to be fully successful, the executive branch will need to develop a mechanism to effectively implement a rightsizing framework. Based on our discussions with experts and agency officials, options for such a mechanism could include (1) establishing a Washington-based interagency body to oversee the rightsizing process and ensure coordination among the various parties involved; (2) establishing an independent commission to consider where more or fewer staff are needed and to make recommendations; (3) placing responsibility for approving overseas staffing levels within the Executive Office of the President; or (4) requiring ambassadors to certify that staffing is commensurate with security risks, embassy priorities and requirements, and costs.

Background

Following the 1998 terrorist attacks on our embassies in Dar es Salaam, Tanzania, and Nairobi, Kenya, several investigative efforts cited the need for embassy rightsizing.

- In January 1999, the Accountability Review Boards recommended that State look into decreasing the size and number of embassies and consulates to reduce employees' vulnerability to attack.
- To follow up on the boards' recommendations, OPAP reported in November 1999 that overseas staffing levels had not been adjusted to reflect changing missions and requirements; thus, some embassies were too large and some were too small. OPAP said rightsizing was an essential component of an overall program to upgrade embassy and consulate capabilities, and it recommended that this be a key strategy to improve security by reducing the number of staff at risk. OPAP also viewed rightsizing as a way to decrease operating costs by as much as \$380 million annually if a 10 percent worldwide staffing reduction could be achieved. The panel recommended creating a permanent interagency committee to adopt a methodology to determine the appropriate size and locations for the U.S. overseas presence. It also suggested a series of actions to adjust

overseas presence, including relocating some functions to the United States and to regional centers where feasible.

- In response to OPAP's recommendations, in February 2000, President Clinton directed the secretary of state to lead an interagency effort to (1) develop a methodology for assessing embassy staffing, and (2) recommend adjustments, if necessary, to staffing levels at six pilot study embassies. While the interagency committee did mention some potential areas for staff reductions, our review of its efforts found that the committee was not successful in developing such a methodology. In fact, the committee concluded that it was impractical to develop a standard approach because of differences among embassies; however, we reported that the pilot studies had limited value because they were conducted without focused, written guidelines, and committee members did not spend enough time at each embassy for a thorough evaluation.⁸
- In August 2001, *The President's Management Agenda*⁹ identified rightsizing as one of the administration's priorities. In addition, the president's fiscal year 2003 international affairs budget¹⁰ highlighted the importance of making staffing decisions based on mission priorities and costs and directed OMB to analyze agencies' overseas staffing and operating costs.

In addition to citing the importance of examining the U.S. overseas presence at a broad level, rightsizing experts have highlighted the need for reducing the size of specific embassies.

- In November 1999, the chairman of OPAP said that rightsizing embassies and consulates in western Europe could result in significant savings, given their large size. OPAP proposed that flagship posts from the cold war be downsized while some posts in other parts of the world be expanded. A former undersecretary of state agreed that some embassies in western Europe were heavily staffed and that positions could be reallocated to meet critical needs at other embassies.
- A former U.S. ambassador to France – also a member of OPAP – testified in April 2000 that the Paris Embassy was larger than needed and should be

⁸[GAO-02-143](#).

⁹Office of Management and Budget, *The President's Management Agenda, Fiscal Year 2002* (Washington, D.C.: Aug. 2001).

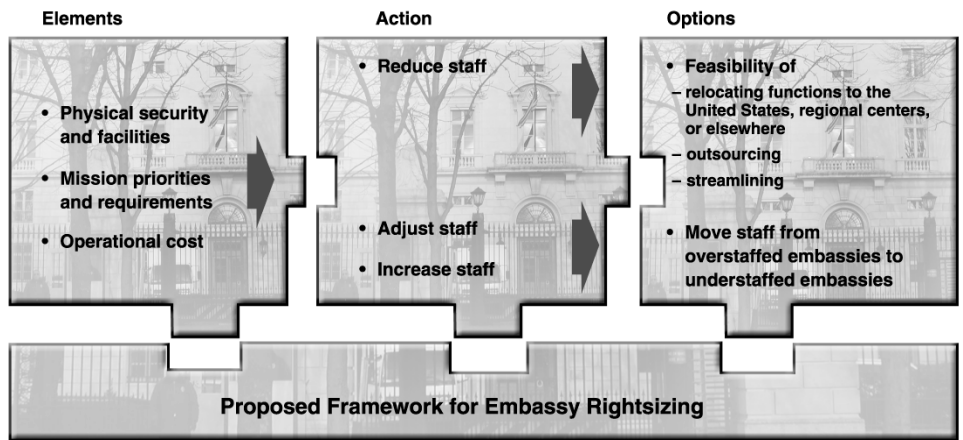
¹⁰Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 2003* (Washington, D.C.: Feb. 4, 2002).

a candidate for substantial staff reductions to lessen security vulnerabilities, streamline embassy functions, and decrease costs.

Proposed Rightsizing Framework

Although there is general agreement on the need for rightsizing the U.S. overseas presence, there is no consensus on how to do it. As a first step, we believe it is feasible to create a framework that includes a set of questions to guide decisions on overseas staffing.¹¹ We identified three critical elements that should be evaluated together as part of this framework: (1) physical security and real estate, (2) mission priorities and requirements, and (3) operational costs. If the evaluation shows problems, such as security risks, decision makers should then consider the feasibility of rightsizing options. Figure 1 further illustrates the elements of our framework that address desired staffing changes.

Figure 1: Proposed GAO Framework for Embassy Rightsizing



Source: GAO.

We envision State and other agencies in Washington, D.C., including OMB, using our framework as a guide for making overseas staffing decisions. For example, State and other agencies could use our framework to free up resources at oversized posts, to reallocate limited staffing resources worldwide, and to introduce greater accountability into the staffing process. We can also see ambassadors using this framework to ensure that embassy staffing is in line with security concerns, mission priorities and requirements, and costs to reduce the number of people at risk.

¹¹See appendix I for a checklist of suggested questions that we are developing as part of a rightsizing framework.

The following sections describe in more detail the three elements of the framework we are developing, some important questions to consider for each element, and potential rightsizing options to be considered.

Physical Security and Real Estate

The substantial loss of life caused by the bombings of the U.S. embassies in Africa and the ongoing threats against U.S. diplomatic buildings have heightened concern about the safety of our overseas personnel. The State Department has determined that about 80 percent of embassy and consulate buildings do not fully meet security standards. Although State has a multibillion-dollar plan under way to address security deficiencies around the world, security enhancements cannot bring most existing facilities in line with the desired setback and related blast protection requirements. Recurring threats to embassies and consulates highlight the importance of rightsizing as a tool to reduce the number of embassy employees at risk.

What Is the Threat and Security Profile of the Embassy?

The Accountability Review Boards recommended that the secretary of state review the security of embassies and consider security in making staffing decisions. We agree that the ability to protect personnel should be a key factor in determining the staffing levels of embassies. State has prepared a threat assessment and security profile for each embassy that can be used when assessing staff levels. While chiefs of mission¹² and the State Department have primary responsibility for assessing overseas security needs and allocating security resources, all agencies should consider the risks associated with maintaining staff overseas.

What Actions Are Practical to Improve the Security of Facilities?

There are a variety of ways to improve security including constructing new buildings, adding security enhancements to existing buildings, and working with host country law enforcement agencies to increase embassy protection. In addition, space utilization studies may suggest alternatives for locating staff to more secure office buildings or may point to other real estate options, such as leasing commercial office space. If security and facilities reviews suggest that security enhancements, alternative space arrangements, or new secure real estate options are impractical, then decision makers should consider rightsizing actions.

¹²According to the Foreign Service Act of 1980 (P.L. 96-465), “chiefs of mission” are principal officers in charge of diplomatic missions of the United States or of a U.S. office abroad, such as U.S. ambassadors, who are responsible for the direction, coordination, and supervision of all government executive branch employees in a given foreign country (except employees under a military commander).

The Paris Embassy, our case study, illustrates the importance of security and real estate issues in determining overseas staffing levels. The security situation in Paris is not good and suggests the need to consider reducing staff. None of the embassy's office buildings currently meets security standards. One of the buildings is particularly vulnerable and staff face a variety of threats. Space reengineering and security adjustments to embassy buildings may improve security for some embassy staff, but significant vulnerabilities will remain even after planned changes are made. However, it is difficult to assess the full range of options for the embassy in Paris because State does not have a comprehensive plan identifying facilities and real estate requirements. If the State Department decides it is not feasible to build or lease another office building in Paris that would provide better security, then decision makers will need to seriously consider relocating staff to reduce the number of people at risk.

Mission Priorities and Requirements

The placement and composition of staff overseas must reflect the highest priority goals of U.S. foreign policy. Moreover, *The President's Management Agenda* states that U.S. government overseas staffing levels should be the minimum necessary to serve U.S. foreign policy goals.

What Are the Priorities of the Embassy?

Currently, there is no clear basis on which to evaluate an embassy's mission and priorities relative to U.S. foreign policy goals. State's current Mission Performance Plan¹³ process does not differentiate among the relative importance of U.S. strategic goals. In recent months, State has revised the Mission Performance Plan process to require each embassy to set five top priorities and link staffing and budgetary requirements to fulfilling these priorities. A successful delineation of mission priorities will complement the framework we are developing and support future rightsizing efforts to adjust the composition of embassy staff.

Are Workload Requirements Validated and Prioritized?

Embassy requirements include influencing policy of other governments, assisting Americans abroad, articulating U.S. policy, handling official visitors, and providing input for various reports and requests from Washington. In 2000, based on a review of six U.S. embassies, the State-led interagency committee found the perception that Washington's requirements for reports and other information requests were not prioritized and placed unrealistic demands on staff. We found this same

¹³Mission Performance Plans are annual embassy plans describing performance goals and objectives.

perception as well among some offices in Paris. We believe that scrutiny of workload could potentially identify work of low priority such as reporting that has outlived its usefulness. Currently, the department monitors and sends incoming requests for reports and inquiries to embassies and consulates, but it rarely refuses requests and leaves prioritization of workload to the respective embassies and consulates. Washington's demands on an embassy need to be evaluated in light of how they affect the number of staff needed to meet the work requirements.

How Do Agencies Determine Staffing Levels?

The President's Management Agenda states that there is no mechanism to assess the overall rationale for and effectiveness of where and how many U.S. employees are deployed. Each agency in Washington has its own criteria for placing staff overseas. Some agencies have more flexibility than others in placing staff overseas, and Congress mandates the presence of others. Thorough staffing criteria are useful for determining and reassessing staffing levels and would allow agencies to better justify the number of overseas staff.

Could an Agency's Mission Be Pursued in Other Ways?

Some agencies are entirely focused on the host country while others have regional responsibilities or function almost entirely outside the country in which they are located. Some agencies have constant interaction with the public, while others require interaction with their government counterparts. Some agencies collaborate with other agencies to support the embassy's mission, while others act more independently and report directly to Washington. Analyzing where and how agencies conduct their business overseas may lead to possible rightsizing options.

Our work in Paris highlights the complexity of rightsizing the U.S. overseas presence given the lack of clearly stated mission priorities and requirements and demonstrates the need for a more disciplined process. It is difficult to assess whether 700 people are needed at the embassy because the executive branch has not identified its overall priorities and linked them to resources. For example, the current Mission Performance Plan for the Paris Embassy includes 15 of State's 16 strategic goals. Furthermore, the cumulative effect of Washington's demands inhibits some agencies' ability to pursue their core missions in Paris. For example, the economics section reported that Washington-generated requests resulted in missed opportunities for assessing how U.S. private and government interests are affected by the many ongoing changes in the European banking system. We also found that the criteria to locate staff in Paris vary significantly by agency. Some agencies use detailed staffing models but most do not. Nor do they consider embassy priorities or the overall requirements on the embassy in determining where and how many

staff are necessary. In addition, some agencies' missions do not require them to be located in Paris. Given the security vulnerabilities, it makes sense for these agencies to consider rightsizing options.

Cost of Operations

The President's Management Agenda noted that the true costs of sending staff overseas are unknown. Without cost data, decision makers cannot determine whether a correlation exists between costs and the work being performed, nor can they assess the short- and long-term costs associated with feasible business alternatives.

What Are an Embassy's Operating Costs?

We agree with President Bush that staffing decisions need to include a full range of factors affecting the value of U.S. presence in a particular country, including the costs of maintaining the embassy. Nevertheless, we found there is no mechanism to provide the ambassador and other decision makers with comprehensive data on all agencies' costs of operations at an embassy. This lack of cost data for individual embassies makes linking costs to staffing levels, mission priorities, and desired outcomes impossible. This is a long-standing management weakness that, according to the president, needs to be corrected.

Are Costs Commensurate With Expected Outcomes?

Once costs are known, it is important to relate them to the embassy's performance. This will allow decision makers to assess the relative cost effectiveness of various program and support functions and to make cost-based decisions when setting mission priorities and staffing levels and when determining the feasibility of alternative business approaches.

Our work in Paris demonstrates that this embassy is operating without fundamental knowledge and use of comprehensive cost data. State officials concurred that it is difficult to fully record the cost of all agencies overseas because of inconsistent accounting and budgeting systems. However, we determined that the cost of an embassy's operations can be documented, despite difficulties in compiling data for the large number of accounts and agencies involved. To collect cost information, we developed a template to capture different categories of operating costs, such as salaries and benefits, and applied the template to each agency at the embassy and at consulates and other sites throughout France (see app. III). We have documented the total cost for all agencies operating in France in fiscal year 2001 to be about \$100 million. However, the actual cost is likely higher because some agencies did not report costs associated with staff salaries and benefits and discrepancies exist in the reporting of some operating costs. With comprehensive data, the Paris Embassy could make cost-based decisions when conducting a rightsizing analysis.

Consideration of Rightsizing Options

Analyses of security, mission, and costs may suggest the assignment of more or fewer staff at an embassy or an adjustment to the overall staff mix. If decision makers decide that it is necessary to reduce staff, rightsizing experts have recommended that embassies consider alternative means of fulfilling mission requirements. Moreover, President Bush has told U.S. ambassadors that “functions that can be performed by personnel in the U.S. or at regional offices overseas should not be performed at a post.” In considering options, embassy officials will also have to weigh the security, mission effectiveness, and cost trade-offs. These may include the strategic importance of an embassy or the costs of adopting different management practices.

Our analysis highlights five possible options, but this list is not exhaustive. These options include:

- relocating functions to the United States;
- relocating functions to regional centers;
- relocating functions to other locations under chief of mission authority where relocation back to the United States or to regional centers is not practical;
- purchasing services from the private sector; and
- streamlining outmoded or inefficient business practices.

Each option has the potential to reduce staff in Paris and the associated security vulnerability. Specifically:

- Some functions at the Paris Embassy could be relocated to the United States. State is planning to relocate more than 100 budget and finance positions from the Financial Services Center in Paris to State’s financial center in Charleston, South Carolina, by September 2003. In addition, we identified other agencies that perform similar financial functions and could probably be relocated. For example, four Voice of America staff pay correspondent bureaus and freelance reporters around the world and benefit from collocation with State’s Financial Services Center. The Voice of America should consider whether this function should also be relocated to Charleston in 2003.
- The Paris Embassy could potentially relocate some functions to the regional logistics center in Antwerp, Belgium, and the planned 23-acre secure regional facility in Frankfurt, Germany, which has the capacity for approximately 1,000 people. For example, the Antwerp facility could handle part of the embassy’s extensive warehouse operation, which is currently supported by about 25 people. In addition, some administrative operations at the embassy such as procurement could potentially be

handled out of the Frankfurt facility. Furthermore, staff at agencies with regional missions could also be moved to Frankfurt. These include a National Science Foundation representative who spent approximately 40 percent of his time in 2001 outside of France, four staff who provide budget and finance support to embassies in Africa, and some Secret Service agents who cover eastern Europe, central Asia, and parts of Africa.

- We identified additional positions that may need to be in Paris but may not need to be in the primary embassy buildings where secure space is at a premium. For example, the primary function of the National Aeronautics and Space Administration (NASA) representative is to act as a liaison to European space partners. Accomplishing this work may not require retaining office space at the embassy. The American Battle Monuments Commission already has about 25 staff in separate office space in a suburb of Paris. In addition, a Department of Justice official works in an office at the French Ministry of Justice. However, dispersal of staff raises additional security issues that need to be considered.
- Given Paris' modern transportation and communication links and large private sector service industry, the embassy may be able to purchase services from the private sector, which would reduce the number of full-time staff at risk at the embassy.¹⁴ We identified as many as 50 positions at the embassy that officials in Washington and Paris agreed are commercial in nature, including painters, electricians, plumbers, and supply clerks.
- Streamlining or reengineering outmoded or inefficient functions could help reduce the size of the Paris Embassy. Certain procurement procedures could potentially be streamlined, such as consolidating multiple purchase orders with the same vendor and increasing the use of government credit cards for routine actions. Consolidating inefficient inventory practices at the warehouse could also decrease staff workload. For instance, household appliances and furniture are maintained separately with different warehouse staff responsible for different

¹⁴With the enactment of the Federal Activities Inventory Reform Act in 1998 (P.L. 105-270), Congress mandated that U.S. government agencies identify activities within each office that are not "inherently governmental," i.e., commercial activities. Competitive sourcing involves using competition to determine whether a commercial activity should be performed by government personnel or contractors. *The President's Management Agenda* states that competition historically has resulted in 20 to 50 percent cost savings for the government.

inventories. Purchasing furniture locally¹⁵ at embassies such as Paris could also reduce staffing and other requirements.

As others have pointed out, advances in technology, increased use of the Internet, and more flights from the United States may reduce the need for full-time permanent staff overseas. Moreover, we have reported in the past about opportunities to streamline embassy functions to improve State's operations and reduce administrative staffing requirements, including options to reduce residential housing and furniture costs.¹⁶

Implementing a Rightsizing Framework

Mr. Chairman, although it is only one of the necessary building blocks, the framework we are developing can be the foundation for future rightsizing efforts. However, a number of policy issues and challenges need to be addressed for this process to move forward with any real success. For instance, the executive branch needs to prioritize foreign policy goals and objectives and insist on a link between those goals and staffing levels. Developing comprehensive cost data and linking budgets and staffing decisions are also imperative. To their credit, State and OMB appear to be headed in the right direction on these issues by seeking both cost data and revising embassies' mission performance planning process, which we believe will further support a rightsizing framework.

We plan to do more work to expand and validate our framework. The previous discussion shows that the framework we are developing can be applied to the Paris Embassy. We also believe that the framework can be adjusted so that it is applicable worldwide because the primary elements of security, mission, and costs are the key factors for all embassies. In fact, rightsizing experts told us that our framework was applicable to all embassies. Nevertheless, we have not tested the framework at other embassies, including locations where the options for relocation to regional centers or the purchase of services from the private sector are less feasible.

¹⁵The State Department currently has a central contract requiring that all overseas posts purchase furniture from the United States and not from local sources. Logistics management officials at State said that the contract is currently under renegotiation and the revised agreement will include local procurement allowances for pilot posts.

¹⁶U.S. General Accounting Office, *State Department: Options for Reducing Overseas Housing and Furniture Costs*, [GAO/NSIAD-98-128](#) (Washington, D.C.: July 31, 1998).

We believe that the next stage should also focus on developing a mechanism to ensure accountability in implementing a standard framework. Rightsizing experts and officials we spoke with suggested several different options. These options include establishing an interagency body similar to the State-led committee that was formed to implement OPAP's recommendations; creating an independent commission comprising governmental and nongovernmental members; or creating a rightsizing office within the Executive Office of the President. Some State Department officials have suggested that State adopt an ambassadorial certification requirement, which would task ambassadors with periodically certifying in writing that the size of their embassies and consulates are consistent with security, mission, and cost considerations.

Each of these suggestions appears to have some merit but also faces challenges. First, an interagency committee would have to work to achieve coordination among agencies and have leadership that can speak for the entire executive branch. Second, an independent commission, perhaps similar to OPAP, would require members of high stature and independence and a mechanism to link their recommendations to executive branch actions. Third, a separate office in the White House has potential, but it would continually have to compete with other executive branch priorities and might find it difficult to stay abreast of staffing issues at over 250 embassies and consulates. Finally, an ambassadorial certification process is an interesting idea but it is not clear what, if anything, would happen if an ambassador were unwilling to make a certification. Furthermore, ambassadors may be reluctant to take on other agencies' staffing decisions, and in such situations the certification could essentially become a rubber stamp process. Ultimately, the key to any of these options will be a strong bipartisan commitment by the responsible legislative committees and the executive branch.

Mr. Chairman and members of the subcommittee, this concludes my prepared statement. I would be pleased to answer questions you may have.

Contacts and Acknowledgments

For future contacts regarding this testimony, please call Jess Ford or John Brummet at (202) 512-4128. Individuals making key contributions to this testimony included Lynn Moore, David G. Bernet, Chris Hall, Melissa Pickworth, Kathryn Hartsburg, and Janey Cohen.

Appendix I: Proposed Rightsizing Framework and Corresponding Questions

PHYSICAL SECURITY AND REAL ESTATE

What are the threat and security profiles?

Do office buildings provide adequate security?

Is existing secure space being optimally utilized?

What actions are practical to improve the security of facilities?

Do facilities and security issues put the staff at an unacceptable level of risk or limit mission accomplishment?

Will rightsizing reduce security vulnerabilities?

MISSION PRIORITIES AND REQUIREMENTS

What are the staffing and mission of each agency?

What is the ratio of support staff to program staff at the embassy?

What are the priorities of the embassy?

Does each agency's mission reinforce embassy priorities?

Are workload requirements validated and prioritized and is the embassy able to balance them with core functions?

Are any mission priorities not being addressed?

How do agencies determine embassy staffing levels?

Could an agency's mission be pursued in other ways?

Does an agency have regional responsibilities or is its mission entirely focused on the host country?

COST OF OPERATIONS

What is the embassy's total annual operating cost?

What are the operating costs for each agency at the embassy?

Are agencies considering the full cost of operations in making staffing decisions?

Are costs commensurate with overall embassy importance and with specific embassy outputs?

CONSIDERATION OF RIGHTSIZING OPTIONS

What are the security, mission, and cost implications of relocating certain functions to the United States, regional centers, or to other locations, such as commercial space or host country counterpart agencies?

Are there secure regional centers in relatively close proximity to the embassy?

Do new technologies offer greater opportunities for operational support from other locations?

Do the host country and regional environment have the means for doing business differently, i.e., are there adequate transportation and communications links and a vibrant private sector?

To what extent can embassy business activities be purchased from the private sector at a reasonable price?

What are the security implications of increasing the use of contractors over direct hires?

Can costs associated with embassy products and services be reduced through alternative business approaches?

Can functions be reengineered to provide greater efficiencies and reduce requirements for personnel?

Are there other rightsizing options evident from the size, structure, and best practices of other bilateral embassies or private corporations?

Are there U.S. or host country legal, policy, or procedural obstacles that may impact the feasibility of rightsizing options?

Source: GAO.

Appendix II: Staffing Profile of the Paris Embassy (Jan. 2, 2002)

Agency	Office	Total Staff	Americans	FSNs ^a
Department of State	Executive Section	558 ^b	157	401
	Political Section			
	Economic Section			
	Environment, Science, and Technology Section			
	Office of Regional Affairs			
	Consular Section			
	Administrative Section			
	General Services Office			
	Budget and Fiscal Office			
	Human Resources Office			
	Information Management Office			
	Diplomatic Security Service			
	Africa Regional Services			
	African Budget Office			
	Public Affairs Section			
	Financial Services Center			
	U.S. Observer Mission to the United Nations Educational, Scientific and Cultural Organization			
Department of Defense	Marine Security Guards	67	56	11
	Defense Attaché Office			
	Office of Special Investigations			
	Office of Defense Cooperation			
	U.S. Air Force, Research & Development Liaison Office			
	U.S. Army, Research & Development Standardization Group			
	U.S. Army Training and Doctrine Command Liaison Office			
Department of Commerce	Foreign Commercial Service	23	5	18
Department of the Treasury	Customs	19	16	3
	Internal Revenue Service			
	Secret Service			
Department of Justice	Legal Attaché Office	11	10	1
	Drug Enforcement Agency			
Department of Agriculture	Foreign Agricultural Service	9	3	6
Social Security Administration		5	0	5
Federal Aviation Administration		4	3	1
Broadcasting Board of Governors	Voice of America	4	2	2
National Aeronautics and Space Administration		2	1	1
National Science Foundation		2	2	0
Total		704	255	449

^aForeign Service National.

^bThis total includes approximately 240 staff providing a variety of support services to all agencies.

Source: U.S. Department of State.

Appendix III: Suggested Template for Collecting Cost Data

GAO consulted and worked with OMB and State to develop the following cost data template applicable to all agencies overseas.

APPROXIMATE TOTAL OVERSEAS COSTS (Fiscal Year 2001)		
Agency/Office:		
	U.S. Embassy	Sub-office(s)
Salaries and Benefits		
Americans		
Foreign Service Nationals		
Travel		
Post Assignment/Relocation Costs		
Field/Business		
Allowances		
Hardship Post Differential		
Education		
Language Incentive		
Cost of Living Allowance		
Housing		
Rents & General Expenses		
Residential Furniture & Equipment		
International Cooperative Administrative Support System (ICASS)		
Office Furnishing & Equipment		
Information Management (outside of ICASS)		
Misc. Expenses (supplies, utilities, maintenance)		
Transportation		
Diplomatic Security/General Security		
Representation		
Other		
Total		

Source: GAO